

Healthcare and Medical Tourism Services: A Diagnostic Study

* Dr. Pankajakshi R

** Dr. Savitha Rani R

* Associate Professor, Department of MBA, Visvesvaraya Technological University, Centre for Post Graduate Studies – CPGS, Visvesvaraya Institute of Advanced Technology (VIAT), Muddenahalli Post, Chikkaballapur Dist. PIN: 562101

** Associate Professor, Dept. of MBA, M.S. Ramaiah Institute of Management, M S R Nagar, MSRIT Post, Bangalore–560054

Abstract

Economic reforms have changed the complexion of competition from a regulatory framework to a market driven framework. Cost effectiveness or the least cost delivery of goods and services is central to competition. This induces the patients to seek the least cost points for medical treatment. To attract and foster the medical services industry, the countries are trying to bundle it with other related services like hotels, insurance and tourism. Thus, this transforms the medical services into medical tourism industry. Bundling is specially being considered by the big corporate hospitals. This is how the medical tourism has become a predominant feature in world trade.

People are looking at health as a business where as in the earlier days just treatment was given importance. In the current situation, Hospital/medical care cohabiting with the attractivetourism environment and packages is essential. In this context this paper tries to focus on the necessity of consumerism in Health care, identifying the problems and the strategic directions the organizations needs to take in redefining health care and creating a value-based competition.

*To make it more beneficial to the country in terms of value added and Forex earnings, this sector needs to be complemented by appropriate hospital waste management approaches, the support of government in the form of incentives and tax breaks, international healthcare accreditation standards, insurance coverage for overseas patients and a combination of tourism and medical technology. The anticipated unintended consequences of this policy need to be fully addressed at the very start itself because the aftermath will be more expensive to migrate. The underlying principle is that the **prevention is better than cure**. Rapid innovation leads to rapid diffusion of new technologies and better ways of doing things. Organizations with competitiveness will prosper and grow while weaker rivals are restructured or go out of business. **“The only way to truly reform health care is to reform the nature of competition itself”***

Keywords: Medical Tourism, Strategy, bundling of services, Value-based Competition

Introduction

The providers of Health care are looking at health as a pure business proposition where as the treatment were given top priority in the earlier days. On the other hand, the recipients (patients) are looking for quality service at least cost points located anywhere in the globe. This is infact a paradigm shift resulting from the structural economic changes that took place globally in the recent years.

The economic reform has changed the entire landscape of policy making not only in our country but also in several other countries. The policy makers are trying to find ways and means to cope with the ever-increasing competitive conditions in the global economy for the sake of survival and growth. Consequently, the service sector is gaining a dominant place in the world trade. Keeping this trend in view, India is looking for its strengths in human resources for its capacity building measures to enhance its competitiveness. Catching-up strategies in other areas such as high tech manufacturing exports, is not an easy task at present. Consequently, the skill intensive service sector is the best option, given our strengths and weaknesses. The IT sector has already demonstrated this. Keeping this success in view, the present paper lays its focus on the problems and prospects of evolving strategies to develop world class medical care facilities- particularly curative ones in India to attract the increasing numbers of medical tourists.

The objective of this paper is to explore the possibility of tapping, exploiting and using the potential of the world medical tourism to increase the overall share of India's tourism in the world tourism industry. In other words, medical tourism can be considered as an instrument to enhance our relative share.

The paper is divided into three sections:

Section I: Brings out the relative position of India in world tourism industry, highlighting the relevance and significance of medical tourism.

Section II: Analyzes the comparative advantage that the country has in medical care to make it as a preferred tourist destination.

Section III: Suggests a strategy to make the medical care industry more competitive.

Section I: Relative position of India in world tourism industry, highlighting the relevance and significance of medical tourism

The economic reforms have changed the complexion of the exchange economy from a regulatory framework to a market driven framework, leading to the creation of competitive markets. Competition has become the order of the day. Cost effectiveness or the least cost delivery of goods and services is central to competition along with the associated parameters viz., innovation and efficiency. This aside, globalization, an important component of economic reforms, allows free mobility of factors of production between/among the different participating countries in the free trade regime. All the three viz. competition, globalization and free trade together are inducing and facilitating the patients with varied kinds of diseases and ailments to seek the least cost points for curative treatment. This is at present our targeted segment, whose primary concern is health while tourism is their secondary concern.

There is yet another segment of “non-sick, health conscious patients” who want to rejuvenate or improve their health status through ayurvedic, massages etc. In fact, this category has a very high market potential of seeking “health rejuvenation”. In an age of high incomes with rising tensions / stress levels etc, this segment can be exploited easily without much difficulty and costs. This is a special category with divergent tastes and lifestyles. Mere provision of information is enough for them to decide upon. In the same vein, one more category of this type can be identified. It may be designated as the “non-sick, non-health conscious” category who can be tapped with an appropriate marketing strategy. This category has both the affordability and willingness. Therefore, the strategy needs to be geared towards creating awareness about the benefits of Indian health systems.

Before going into the aspects of tourism, it is better to see the scope and trends in the services sector. Because of its definite economic and commercial advantages over other sectors like agriculture, mining, manufacturing etc, the service sector is mustering higher rates of growth and as a result, its relative share is increasing in the GDPs of several countries. In 2008, Tourism industry in India generated about US \$100 billion and is expected to increase to US \$275.5 billion by 2018 at annual growth rate of 9.4%. According to World Travel and Tourism Council, India will be a tourism hotspot from 2009 – 2018 with the highest 10 year growth potential. Medical tourism is seen as a growing sector in India. Some of advantages of Tourism Industry can be listed as:

1. Value added is high; perhaps the highest among the sectors since no inputs are used and no processing takes place
2. It is labour intensive and has a high employment potential per unit of investment
3. It does not require higher levels of specialized skills and expertise
4. Capital and Labour are highly mobile
5. Risk and uncertainty is lowest
6. Gestation periods low
7. Attracts investments/FDI since no technology transfer is involved

India has many and varied interesting and attractive tourist spots like the historical monuments, natural landscapes and sanctuaries, adventure tourism, pilgrimage centers including Buddhist Monasteries and so on. Besides, India has an excellent network of supporting infrastructure facilities like the beach resorts, star hotels, tourist transport, airports, and so on. In addition, there is also an effective network of administrative support systems from the central and state ministries, tourism departments and so on. As against these adequate infrastructure facilities in India, its relative share in world tourism is dismally low (1997 to 2013). This is presented in Table-1.

Table-1: India’ Share In International Tourism Receipts, 1997-2013

Year	International Tourism Receipt (In US \$ billion)		FEE in India (In US \$ Million)	Percentage (%) share and rank of India in World		Percentage (%) share and rank of India in Asia and the Pacific	
	World	Asia and the Pacific		% Share	Rank	% Share	Rank
1997	442.8	82.6	2889	0.65	-	3.50	-
1998	444.8	72.3	2948	0.66	34th	4.08	-
1999	458.2	79.1	3009	0.66	35th	3.80	-
2000	475.3	85.3	3460	0.73	36th	4.06	10th
2001	463.8	88.1	3198	0.69	36th	3.63	12th
2002	481.9	96.5	3103	0.64	37th	3.22	13th
2003	529.3	93.7	4463	0.84	37th	4.76	9th
2004	633.2	124.1	6170	0.97	26th	4.97	8th
2005	679.6	135.0	7493	1.10	22nd	5.55	7th
2006	744.0	156.9	8634	1.16	22nd	5.50	7th
2007	857.0	187.0	10729	1.25	22nd	5.74	6th
2008	939.0	208.6	11832	1.26	22nd	5.67	6th
2009	853.0	204.2	11136	1.31	20th	5.45	7th
2010	931.0	255.3	14193	1.52	17th	5.56	7th
2011	1042.0	289.4	16564	1.59	17th	5.72	8th
2012	1078.0	329.1	17737	1.65	16th	5.39	7th
2013(P)	1159.0	358.9	18445	1.59	16th	5.14	8th

P: Provisional, -NA

Source:

- (i) UNWTO Tourism Market Trends 2007 Edition, for the years up to 2005
- (ii) UNWTO Barometer June 2009 for 2006 & 2007
- (iii) UNWTO Tourism Highlights 2011 Edition for 2008 and 2012 Edition for 2009.
- (iv) UNWTO Barometer April 2014 for 2010, 2011, 2012 & 2013

http://www.starktourism.com/tourism_india.html

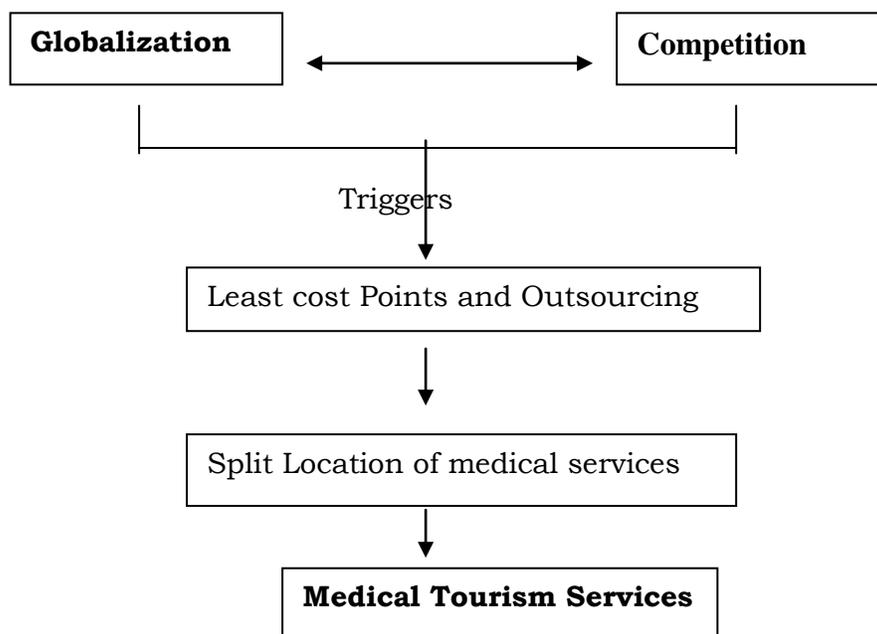
Table-1 presents the share of India in the world tourism receipts for the period between 1997-2013. It is evident from the above Table that the India’s share is dishearteningly low- a meager share of less than two percentage, in fact stagnating at around only one percent with neither a substantial rise nor decline. This gives rise to the complex issue for investigation as also seeking for some realistic strategies to boost up this relative share.

In the same line, the percentage of share and rank of India by their Foreign exchange earnings presented in Table-1 for the period 1997 to 2013. It may be noted that India’s ranking has been declining during the period 1998-2003, it was ranked at 34 in 1998 which came down to 37 by 2003. This is indeed a disturbing trend, but a change has been observed in the rank from 2004 onwards showing positive sign in the India’s performance.

Table-1 brings to the fore the critical issue of rising India’s share in the world tourism industry and FEE from tourism to India. This can be achieved by several ways such as general tourism, Holiday tourism, pilgrimage/spiritual tourism, education tourism, adventure tourism and so on.

These categories are all generic in nature in the sense that they don't require any specialized expertise or skills/competencies. Building competitive advantage in them is not difficult but they can be very easily imitated /copied by the existing or potential competitors. In other words, this competitive advantage is not durable or sustainable. A quick scanning of various sources reveals that the medical tourism is the one that gives a durable and sustainable competitive advantage. It may be noted in this context, that India has more than one health care system to cater to the specific needs of various medical tourists.

The major two triggering factors that gave rise to the significance and relevance for Medical Tourism in the recent years are 1) Globalization and 2) Competition. Their interactions and the resultant consequences are presented in a flowchart below:



Source: Authors

Section II: India's competitive advantage in Medical care

This section attempts to identify the broad sources of competitive advantage in Medical Care systems to make India as the preferred destination. A cursory glance at the available literature indicates that the following are the major sources of comparative advantage for India:

- 1) Costs
- 2) Language
- 3) Nursing Care
- 4) World class Medical Education Institutes with fairly adequate systems of hospital management and administration
- 5) Historical treasures and monuments; tourists spots
- 6) Favorable climatic conditions
- 7) Cosmopolitan cities
- 8) Fairly satisfactory administrative network

As against the above sources, there are a number of factors that facilitate and conduce the building of competitiveness through medical tourism. They are:

- Factors are freely mobile in free trade regimes
- Skill and knowledge intensities are very high in Medicare which are highly mobile and transferable
- Since no inputs are involved, the medical facilities are location free
- Medical care is essentially skill centric
- The ICTs and ITES facilitate the mobility of medical expertise, skills etc.,

These factors coupled with the above sources, if integrated optimally, will enable the country to achieve the competitive advantage in Medical tourism and subsequent benefits. We do not know whether this is our strength or weakness. However, this has extremely high competitive potential that can be tapped and exploited fully particularly in the Medical Care Systems. This profession like the IT provides substantial scope for individual to show his merit and excel. Hence the competitive advantage can be built in Medical Care Systems which is mostly individual centric, skill intensive and based on continuous innovation. This needs to be specially kept in mind. In this case, team enters only as a supportive facility. Building competitive advantage in Medicare is a precondition not only to attract foreign tourists but also to boost the percentage share of India in world tourism industry. In what follows is a brief explanation on this aspect.

In spite of being a late starter, India has the potential to be a leader in this industry. India attracts foreigners for treatment due to several reasons:

1) Foremost is the cost factor: In India, the medical treatment cost one-tenth of the costs in western countries. For instance, a heart surgery costs \$ 6,000 in India as against \$ 35,000 in the US. Similarly, a bone marrow transplant costs \$25,000 in India as compared to \$ 2,00,000 in the U.S. The approximate costs of the treatments are presented in the Table-2 and Table-3. The cost differential is so large that the patients can meet all their expenses such as travel, tourism if bundled or sightseeing and so on, besides getting the comparable treatment. As a complementary to this aspect of cost advantage, the nursing care is much better in India than others with a human touch which is not generally found in other countries.

Table-2: Approximate Costs of the Treatments

	US	UK (Private)	SINGAPORE	INDIA
Bone Marrow Transplant	up to 200,000	up to 200,000	-	up to 25,000
Bypass Surgery	35,000	25,000	-	6,000
Breast Lump Removal	-	3,200	1,000	700
Haemorrhoidectomy	-	3,800	1,500	1,000
Knee Joint Replacement	-	15,000	7,000	5,000
Lasik Surgery	4,000	2,800	1,600	700
No Stitch Cataract Surgery	4,500	2,600	-	700
In-vitro Fertilization (IVF) Cycle	15,000	-	-	1,800
Hernia Correction	2,800	2,700	2,500	1,000
Dental Implants	3,500	2,800	1,600	800
Figures are approximate costs in US dollars				
Source: Fore runners healthcare				

Table-3: Approximate Costs and the waiting time for the Treatments

Nature of Treatment	Approximate Cost in India (\$) *	Cost in other Major Healthcare Destination (\$) *	Approximate Waiting Periods in USA / UK (in months)
Open heart Surgery	4,500	> 18,000	9 - 11
Cranio-facial Surgery and skull base	4,300	> 13,000	6 - 8
Neuro-surgery with Hypothermia	6,500	> 21,000	12 - 14
Complex spine surgery with implants	4,300	> 13,000	9 - 11
Simple Spine surgery	2,100	> 6,500	9 - 11
Simple Brain Tumor			
-Biopsy	1,000	> 4,300	6 - 8
-Surgery	4,300	> 10,000	
Parkinsons			
-Lesion	2,100	> 6,500	9 - 11
-DBS	17,000	> 26,000	
Hip Replacement	4,300	> 13,000	9 - 11

(Source: www.medsolution.com)

2) Secondly, foreign patients through Indian hospitals to pass up the long waiting lists and queues in their native countries, the same can be observed in the Table-3. Further, foreign patients need not tackle insurance and national medical systems in India as they have to in their native lands.

3) India offers the best treatments in modern medicine and in every medical division such as cardiology, orthopedic surgery, eye care, cosmetic surgery and dental surgery. It also provides traditional methods of treatment such as Ayurveda, Naturopathy, Homeopathy and Yoga.

4) The competence and skill levels of Indian doctors are comparable with those of the best in the world.

5) India's private hospitals have gained international recognition for their state-of-the-art facilities, diagnostic centers besides unsurpassed skills. Their technology and procedures are on par with hospitals in developed nations.

6) Indian nurses working abroad, are presenting India's health support staffs hospitality culture, have a favorable image in the west with their fluency in English.

7) The Government of India has declared that treating of foreign patients is legal. It is encouraging medical tourism in the country by offering tax breaks and export incentives to participating hospitals. In addition, the Government is adapting liberal policies in clearing medical visas quickly.

8) Many foreign patients prefer to combine their leisure and relaxation visits to India with healthcare, given the availability of many and caring attitudes.

9) Foreign patients can get package deals including flights, hotels, treatment, processing fee and post-operative vacation for their medical visits to India.

Overall, there is substantial scope for developing an integrated framework for promoting a globally competitive medical care system along with the building of tourism, hospitality services, travel Industry and others.

Section III: Strategy to make the medical care industry more competitive

India's National Health Policy declares that treatment of foreign patients is legally an "export" and deemed "eligible for all fiscal incentives extended to export earnings". Government and private sector studies in India estimate that medical tourism could bring between \$1 billion and \$2 billion US dollars into the country by 2012. The reports estimate that medical tourism to India is growing by 30 percent a year. The secondary sources indicate that the tourism industry in India generated about US\$100 billion in 2008 and is expected to increase to US\$275.5 billion by 2018 at an annual growth rate of 9.4% and the number of medical tourists in India is likely to reach 2.8 million and the market will be around US \$ 4 billion by 2015.

Medicare in India ranges from primary to super-specialty; the unequal spatial reach from rural to urban care; the quality of care ranging from palliative to curative; the difference in public to private hospital care, and from nursing-home-type care to super-deluxe hospitals, more like five-star hotels. Depending on one's socio-economic status, one can access these services. If one can afford it, the Indian system is the best as it gives immediate access even to super – specialist care without the need for a referral system.

In this context, it may be necessary to categorize the available medical facilities in the country in relation to the intended target groups.

Categorization of the Medical Facilities:

Category	Catering to
1 Corporate Hospitals	Medical Tourists
2 Private Nursing Homes	HIG/MIG
3 Private Medical Practitioners	MIG
4 Government Hospitals	LIG/MIG
5 Auxiliary Health Workers	BPL (Below Poverty Line)
6 Para Medical Services (Labs, Etc.,)	All categories
7 Indigenous Medical Systems like Ayurveda, Unani, Homeopathy etc.,	Segments with particular beliefs

Note: HIG-High Income Group; MIG-Medium Income Group;LIG-Low Income Group

The existing medical facilities have been categorized under different types to cater to the needs of different population segments. The population is segmented based on the income levels, affordability and access to a particular medical facility. This segmentation is not intended to either support or oppose the existing inequalities in the society categorization is made given the social inequalities. As the income of the population increase, there will be obvious shifts of population from the lower level facilities to the higher and higher ones. The major competing demand against the medical tourism will be from the domestic sources particularly from the poorer sections. In recent years, this issue is taking a political turn also. To counter this problem, it can be suggested that the corporate hospitals can be directed to focus mainly on the foreign tourists.

This categorization will be of some use in understanding and directing the flows of patients both from the domestic as well as foreign sources. This aside, it will also be of immense use in developing special databases for various administrative purposes, including the formulation of strategies. Further, it will be useful in resource allocation and investment flows to build the required medical facility to cater to the needs of various divergent population groups.

Consumerism in health care is rising due to rising incomes and awareness levels all over the world. In the mean time, health is also being redefined. Health is no more seen as mere absence of disease. Health is thus viewed in a broader spectrum of being an effective human person covering productivity, efficiency, alertness and so on. It is now thus considered in a more holistic framework than before. This is triggering a new generation of “patients” across the world, in addition to the conventional patients seeking curative treatments.

As mentioned earlier, they are two types of “patients” in the new generation category viz.,

- a) Non-Sick-Health Conscious
- b) Non-Sick-Non Health Conscious

It may be noted that the market potential from these two 2 Categories are very large. However, both require different marketing strategies. Our country has a well established competitive edge over others in Ayurveda, naturopathy etc., In fact, we have a brand equity in this case. In this context, it may be noted that the allopathy is mainly curative in nature given its diagnostic approach. On the other hand, India’s age-old alternative Medicare systems like ayurveda, naturopathy etc., adopt a holistic approach

in addressing the overall well being of a person. It is partly curative and mostly rejuvenative in nature as preventive. In essence, this system is well-tested and well trusted over its long history. Thus, our competitive advantage is unparalleled in the world since it has a very long history. Therefore, by making a few add on facilities to the existing system, our country can achieve substantial competitive advantage in Medical Tourism, which in turn will enhance the general tourism also.

A Suggested Approach:

Keeping in view, the overall nature, significance and scope of medical tourism, we would like to venture to suggest that the government could start a separate Indian Medical Service (IMS) charged with the sole responsibility of meeting the divergent demands of the Medical Tourism. The IMS will be like the Indian Economic Service (IES) or the Indian Forest Service (IFS). The IMS is supposed to act as a ‘one stop facility’ wherein a prospective patient can get the required information. It can also act as a nodal agency to planned co-ordinate the marketing, hospital management, travel, tourism and so on. It is hoped that this will reduce several complexities in the country’s medical system. Further, it improves the brand image also. If the IMS concept is accepted in principle, then it is not difficult to work out its modalities. The hospitals should also be networked with other medical tourism related services in order to provide quality and quick service to the FMTs at affordable cost.

Conclusion

Medical Tourism in India is moving towards growth stage which has high potential due to cost and quality advantage followed by other factors. India has fascinated the foreign tourist with its diverse cultural heritage. India’s health care industry has undergone a sea change in the past five years. Healthcare/Medical tourism is in line for becoming a rising industry in a similar fashion to the software industry, as Indian hospitals are realizing the opportunities and capitalizing on the strategic advantage. The current trend in bundling of healthcare related services like tourism hotels, insurance, transport etc., with the Medicare will enhance value addition to both the country and the patient as well. In conclusion, it can be reiterated that the medical tourism is one of the powerful instruments to increase the percentage share of India in the World Tourism.

References:

- 1) A R Nanda and Almas Ali (2006), “Health Sector Issues and Challenges”, Social Development Report, Council for Social Development, Oxford University Press
- 2) A study of problems and challenges faced by medical tourists visiting India, A study by Indian Institute of Tourism and Travel Management, 2011
- 3) B. Balaji and RadhaRao: “Health care and service quality: Does the Twain meet?” proceedings of the third AIMS International conference on Management, Jan 1-4 2006
- 4) Dan Cormany, Nov (2008), “Taking a Pulse on Medical Tourism Destination”, Medical Tourism magazine, Issue 7
- 5) Dr. Anupama Sharma (2013), “Medical tourism: emerging challenges and future prospects” in International Journal of Business and Management Invention ISSN (Online):2319 – 8028, ISSN(Print): 2319 – 801X www.ijbmi.org Volume 2 Issue 1,January. 2013| PP.21-29

- 6) Dr. Suman Kumar Dawn and Swati Pal (2011) “Medical Tourism in India: Issues, Opportunities and Designing Strategies for Growth and Development” ZENITH International Journal of Multidisciplinary Research Vol.1 Issue 3, July 2011, ISSN 2231 5780
- 7) JaspreetKaur et.al (2007), “Health Tourism in India Growth and Opportunities”, International Marketing Conference on Marketing and Society, 8-10 April 2007, IIMK
- 8) Josef Woodman (2007) “Patients beyond Borders: Everybody’s Guide to Affordable, World-Class Medical Tourism”, E-book, Health Travel Publication, USA
- 9) K.R. Shanmugam (2013), “Medical Tourism In India: Progress, Opportunities And Challenges” Madras School of Economics, Gandhi Mandapam Road, Chennai 600 025, India, March 2013
- 10) Laikangbam Dorendro Singh (2006), “Hospitals Tourism in India – The Synergistic Effect”, Third AIMS International Conference of Management, January 1-4.
- 11) ManpreetKaur (2014), “Medical Tourism in India” in Indian Journal Of Research, ISSN - 2250-1991, Volume: 3 | Issue: 1 | Jan 2014, Pg: 64 – 66
- 12) Pankajakshi R., (2011), Ph.D. Thesis on “Marketing Research, Strategies and Decision Process: An Interface (A Case Study on Medical Tourism w.r.t. Bangalore City, Karnataka State)” submitted to Dr. MGR University, Chennai awarded in 2012
- 13) Pim W.H.R. Bonsel, “Going from services to services to S-Business: Eight key challenges for shaping our service industry” AFSM International, www.afsmi.org
- 14) Savitha Rani R & Pankajakshi R. (2006), “Medical Services: A Diagnostic study” at National Conference on “Emerging Issues & Imperatives of Consumerism in Globalized Economy” JNNCE, Shimoga during 24-25 Nov 2006.
- 15) Shailendra Kumar: “Trade in services advantage in India”, Bookwell, New Delhi, 2005
- 16) Trevor Sturgess (2006), “Health Tourism – The next boom Indian Industry”, Kent Business, July, pp: 28-29.
- 17) Vidyashree Amaresh (2005) “India, a new destination for Medical Tourism” The Hindu, Bangalore, Tuesday, April 19, pg: 2.
- 18) Vijay Bhangale (2008) “Medical Tourism: Taking off in a big way in India”, presented at Conference on Tourism in India challenges ahead, IIMK, 15-17 May.
- 19) <http://www.medicaltourismindia.com/india-medical-tours/indian-medical-health-packages.html>
- 20) <https://www.google.co.in/search?q=medical+tourism+statistics+india>
- 21) www.health-tourism-india.com
- 22) www.medsolution.com